

## NOTICE OF INTENT

### Department of Natural Resources Office of Conservation

#### Fees (LAC 43:XIX, Chapter 7)

In accordance with the Administrative Procedure Act, R.S. 49:950 et seq., the Office of Conservation hereby proposes to amend the established fees.

#### Title 43

#### NATURAL RESOURCES

#### Part XIX. Office of Conservation - General Operations

#### Subpart 2. Statewide Order No. 29-R-02/03

#### Chapter 7. Fees

#### §701. Definitions

*Application Fee* means an amount payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, by industries under the jurisdiction of the Office of Conservation.

*Application for Automatic Custody Transfer* means an application for authority to measure and transfer custody of liquid hydrocarbons by the use of methods other than customary gauge tanks, as authorized by Statewide Order No. 29-G-1 (LAC 43:XIX.2301 et seq), or successor regulations.

*Application for Commercial Class I Injection Well* means an application to construct and/or operate a commercial Class I injection well, as authorized by Statewide Order No. 29-N-1 (LAC 43:XVII.101 et seq) or Statewide Order No. 29-N-2 (LAC 43:XVII.201 et seq), or successor regulations.

*Application for Commercial Class I Injection Well (Additional Wells)* means an application to construct and/or operate additional Class I injection wells within the same filing, as authorized by Statewide Order No. 29-N-1 (LAC 43:XVII.101 et seq) or Statewide Order No. 29-N-2 (LAC 43:XVII.201 et seq), or successor regulations.

*Application for Commercial Class II Injection Well* means an application to construct and/or operate a commercial Class II injection well, as authorized by Statewide Order No. 29-B (LAC 43:XIX.401 et seq) or successor regulations.

*Application for Commercial Class II Injection Well (Additional Wells)* means an application to construct and/or operate additional commercial Class II injection wells within the same filing, as authorized by Statewide Order 29-B (LAC 43:XIX.401 et seq), or successor regulations.

*Application for Multiple Completion* means an application to multiply complete a new or existing well in separate common sources of supply, as authorized by Statewide Order No. 29-C-4 (LAC 43:1301 et seq), or successor regulations.

*Application for Noncommercial Injection Well* means an application to construct and/or operate a Class I, II or III noncommercial injection well, as authorized by Statewide Order Nos. 29-B (LAC 43:XIX.401 et seq), 29-M (LAC 43:1301 et seq), or successor regulations.

*Application for Surface Mining Development Operations Permit* means an application to remove coal, lignite, or overburden for the purpose of determining coal or lignite quality or quantity or coal or lignite mining feasibility, as authorized by Statewide Order No. 29-O-1 (LAC 43:XV.101 et seq), or successor regulations.

*Application for Surface Mining Exploration Permit* means an application to drill test holes or core holes for the purpose of determining the location, quantity, or quality of a coal or lignite deposit, as authorized in Statewide Order No. 29-O-1 (LAC 43:XV.101 et seq), or successor regulations.

*Application for Surface Mining Permit* means an application for a permit to conduct surface coal or lignite mining and reclamation operations, as authorized by Statewide Order No. 29-O-1 (LAC 43:XV.101 et seq), or successor regulations.

*Application for Unit Termination* means an application for unit termination as authorized by Statewide Order No. 29-L-2 (LAC 43:XIX.3100 et seq), or successor regulations.

*Application to Amend Permit to Drill (Injection or Other)* means an application to alter, amend, or change a permit to drill, construct and/or operate an injection, or other well after its initial issuance, as authorized by La. R.S. 30:28.

*Application to Amend Permit to Drill (Minerals)* means an application to alter, amend, or change a permit to drill for minerals after its initial issuance, as authorized by La. R.S. 30:28.\*

\*Application to Amend Operator (transfer of ownership) for any multiply completed well which has reverted to a single completion, any non-producing well which is plugged and abandoned within the time frame directed by the Commissioner, as well as any stripper crude oil well or incapable gas well so certified by the Department of Revenue shall not be subject to the application fee provided herein.

*Application to Commingle* means an application for authority to commingle production of gas and/or liquid hydrocarbons and to use methods other than gauge tanks for allocation, as authorized by Statewide Order No. 29-D-1 (LAC 43:XIX.1500 et seq), or successor regulations.

*Application to Process Form R-4* means application for authorization to transport oil from a lease as authorized by Statewide Order No. 25 (LAC 43:XIX.900 et seq), or successor regulations.

*BOE* means annual barrels oil equivalent. Gas production is converted to BOE by dividing annual mcf by a factor of 6.

*Capable Gas* means natural and casing head gas not classified as incapable gas well gas or incapable oil well gas by the Department of Revenue and Taxation.

*Capable Oil* means crude oil and condensate not classified as incapable oil or stripper oil by the Department of Revenue.

*Class I Well* means a Class I injection well used to inject hazardous or nonhazardous, industrial, or municipal wastes into the subsurface, which falls within the regulatory purview of Statewide Order Nos. 29-N-1 (LAC 43:XVII.101 et seq) or 29-N-2 (LAC 43:XVII.201 et seq), or successor regulations.

*Class I Well Fee* means an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on Class I wells in an amount of \$100 per acre per year.

*Emergency Clearance* means emergency authorization to transport oil from lease.

*Production Fee* means an annual fee payable to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, by oil and gas operators on capable oil wells and capable gas wells based on a tiered system to establish parity on a dollar amount between the wells. The tiered system shall be established annually by rule on capable oil and capable gas production, including nonexempt wells reporting zero production during the annual base period, in an amount not to exceed \$2,450,000 for Fiscal Year 2002 - 2003 and thereafter.

*Production Well* means any well which has been permitted by and is subject to the jurisdiction of the Office of Conservation, excluding wells in the permitted and drilling in progress status, Class II injection wells, liquid storage cavity wells, commercial salt water disposal wells, Class V injection wells, wells which have been plugged and abandoned, wells which have reverted to landowner for use as a fresh water well (Statewide Order No. 29-B, LAC 43:XIX.137.G, or successor regulations), multiply completed wells reverted to a single completion, and stripper oil wells or incapable oil wells or incapable gas wells certified by the Severance Tax Division of the Department of Revenue and Taxation.

*Regulatory Fee* means an amount payable annually to the Office of Conservation, in a form and schedule prescribed by the Office of Conservation, on Class II wells, Class III wells, storage wells, Type A facilities, and Type B facilities in an amount not to exceed \$875,000 for Fiscal Year 2000-2001 and thereafter. No fee shall be imposed on a Class II well of an operator who is also an operator of a stripper crude oil well or incapable gas well certified pursuant to R.S. 47:633 by the severance tax division of the Department of Revenue and located in the same field as such Class II well. Operators of Record, excluding operators of wells and including, but not limited to, operators of gasoline/cycling plants, refineries, oil/gas transporters, and/or certain other activities subject to the jurisdiction of the Office of Conservation are required to pay an annual registration fee of \$105. Such payment is due within the time frame prescribed by the Office of Conservation.

*Type A Facility* means commercial E&P waste disposal facilities within the State that utilize technologies appropriate for the receipt, treatment, storage, or disposal of oilfield waste solids and liquids for a fee or other consideration, and fall within the regulatory purview of Statewide Order No. 29-B (LAC 43:XIX.501 et seq), or successor regulations.

*Type B Facility* means commercial E&P waste disposal facilities within the State that utilize underground injection technology for the receipt, treatment, storage, or disposal of only produced saltwater, oilfield brine, or other oilfield waste liquids for a fee or other consideration, and fall within the regulatory purview of Statewide Order No. 29-B (LAC 43:XIX.501 et seq), or successor regulations.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:21 et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 14:542 (August 1988), amended LR 15:551 (July 1989), LR 21:1249 (November 1995), LR 24:458 (March, 1998), LR 24:2127 (November 1998), LR 25:1873 (October 1999), LR 26:1526 (July 2000), LR 26:2302 (October 2000), LR 27:1430 (August, 2001), LR 27:1897 (November, 2001).

#### **§703. Fee Schedule for Fiscal Year 2002-2003**

A.	Application Fees	Amount
	Application for Unit Termination	\$ 252
	Application for Substitute Unit Well	\$ 252
	Application for Public Hearing	\$ 700
	Application for Multiple Completion	\$ 126
	Application to Commingle	\$ 252

Drill Minerals Deeper (> 3,000')	\$ 504
Drill Minerals Deeper (> 10,000')	\$ 632
Application to Amend Permit to Drill - Minerals	\$ 126
Application to Amend Permit to Drill - Injection or Other	\$ 126
Application for Surface Mining Exploration Permit	\$ 65
Application for Surface Mining Development Operations Permit	\$ 94
Application for Surface Mining Permit	\$2,212
Application to Process Form R-4	\$ 36
Application to Reinstate Suspended Form R-4	\$ 65
Application for Emergency Clearance Form R-4	\$ 65

B. Regulatory Fees

1. Operators of each permitted Type A Facility are required to pay an annual Regulatory Fee of \$5,650 per facility.
2. Operators of each permitted Type B Facility are required to pay an annual Regulatory Fee of \$2,825 per facility.
3. Operators of record of permitted non-commercial Class II injection/disposal wells are required to pay \$ 575 per well.
4. Operators of record of permitted Class III and Storage wells are required to pay \$575 per well.

C. Class I Well Fees: Operators of permitted Class I wells are required to pay \$9,090 per well.

D. Production Fees: Operators of record of capable oil wells and capable gas wells are required to pay according to the following annual production fee tiers:

	Annual Production (Barrel Oil Equivalent)	Fee (\$ Per Well)
Tier 1	0	14
Tier 2	1 - 5,000	71
Tier 3	5,001 - 15,000	201
Tier 4	15,001 - 30,000	337
Tier 5	30,001 - 60,000	538
Tier 6	60,001 - 110,000	741
Tier 7	110,001 - 9,999,999	908

E. Exceptions

1. Operators of record of each Class I injection/disposal well and each Type A and B commercial facility that is permitted, but has not yet been constructed, are required to pay an annual fee of 50% of the applicable fee for each well or facility.
2. Operators of record of each inactive Type A and B facility which have voluntarily ceased the receipt and disposal of E&P waste and are actively implementing an Office of Conservation approved closure plan are required to pay an annual Regulatory Fee of 50% of the annual fee for each applicable Type A or B facility.
3. Operators of record of each inactive Type A or B facility which have voluntarily ceased the receipt and disposal of E&P waste, have completed Office of Conservation approved closure activities and are conducting a post-closure maintenance and monitoring program, are required to pay an annual Regulatory Fee of 25% of the annual fee for each applicable Type A or B facility.

Failure to comply within 30 days past the due date of any required fee payment will subject the operator to civil penalties provided in Title 30 of the Louisiana Revised Statutes of 1950, including but not limited to L.A.-R.S. 30:18.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:21 et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 14:544 (August 1988), amended LR 15:552 (July 1989), LR 21:1251 (November 1995), LR 24:459 (March 1998), LR 24:2128 (November 1998), LR 25:1874 (October 1999), LR 26:1528 (July 2000), LR 26:2304 (October, 2000), LR 27: 1430 (August, 2001), LR 27: 1897 (November, 2001).

#### **§707. Severability and Effective Date**

A. The fees set forth in §703 are hereby adopted as individual and independent rules comprising this body of rules designated as Statewide Order No. 29-R-02/03, and if any such individual fee is held to be unacceptable, pursuant to L.A.-R.S. 49:968(H)(2), or held to be invalid by a court of law, then such unacceptability or invalidity shall not affect the other provisions of this order which can be given effect without the unacceptable or invalid provisions, and to that end the provisions of this order are severable.

B. This Order (Statewide Order No. 29-R-02/03) supercedes Statewide Order No. 29-R-01/02.

AUTHORITY NOTE: Promulgated in accordance with R.S. 30:21 et seq.

HISTORICAL NOTE: Promulgated by the Department of Natural Resources, Office of Conservation, LR 14:544 (August 1988), amended LR 15:552 (July 1989), LR 21:1251 (November 1995), LR 24:459 (March 1998), LR 24:2128 (November 1998), LR 25:1874 (October 1999), LR 26:1528 (July 2000), LR 26:2305 (October, 2000), LR 27:1430 (August, 2001), LR 27: 1897 (November, 2001).

Comments and views regarding the proposed fees will be accepted until 4:30 p.m., Wednesday, October 2, 2002. Comments should be directed, in writing, to Engineering Division, P.O. Box 94275, Baton Rouge, LA 70804-9275.

A public hearing will be held at 9:00 a.m., Thursday, September 26, 2002 in the Conservation & Mineral Resources Hearing Room, located on the First Floor, LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana.

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James H. Welsh  
Commissioner of Conservation

JHW:FJB:kcm  
August 20, 2002